



Updated: Fiscal Year 2026

REACH OUT AND READ

Indirect Costs (IDC) Policy Statement

The purpose of this policy is to ensure that expenses directly attributable to project outcomes and outputs are charged as direct costs, while expenses associated with the general management and administration of the organization are treated as indirect costs.

Direct costs are those expenses that are specifically identifiable and traceable to a particular grant or project, and that can be reasonably allocated to it with a high degree of accuracy.

Indirect costs (also known as Facilities & Administrative or F&A costs) are general overhead and administrative expenses that support the overall operations of the grantee and benefit multiple projects or activities.

Per Organization policy, any and all Indirect Costs (IDC/F&A) shall be capped at 15% of modified total direct costs (MTDC), consistent with the de minimis indirect cost rate allowed under 2 CFR § 200.414(f). We reserve the right to request substantiation or documentation regarding any indirect cost claims or cost classifications.

A grantee or contractor with actual indirect costs (or a negotiated indirect cost rate) lower than 15% of MTDC should not inflate its funding request to the maximum allowed rate. The intent of this policy is to reimburse actual, reasonable, and necessary costs incurred in performance of the grant, not to generate surpluses or over-recover overhead.